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## Working Paper

# US-Japan-China Trilateral Relations: How their dynamics will shape Asia Pacific

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June 2019

### ABSTRACT\*

The United States, China, and Japan have shaped the largest and most consequential trilateral relations in the Asia Pacific region. However, the three nation-states have followed divergent developmental paths through history. The three bilateral relationships within the triangle include different issues, challenges and prospects — for example, trade, human rights and Taiwan dominate US-China relations, while Japan-China relations have faced the problem of differences in perceptions of history and nationalist sentiment among the public. The fundamental structure of the trilateral relations rests on how the US-Japan alliance faces the uncertain and assertive rise of China. How China's rise evolves economically, militarily and politically will be one of the most significant indicators and uncertainties in terms of assessing the future course of the trilateral relations and the stability and prosperity of the Asia Pacific region. Maritime issues such as the South China Sea and the East China Sea, plus the Taiwan Strait, the Korean Peninsula, and regional institutions such as the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership are typical cases to consider for understanding the geopolitical and strategic dynamics of the trilateral relations in this region. Finally, for international relations, domestic affairs always matter. The heads of all three nations seem to be cultivating images as strong leaders seeking strong leadership and images. Their capabilities in domestic governance will affect the complicated and sensitive relationships among these three major powers in the Asia Pacific region.

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## MOST CONSEQUENTIAL RELATIONS

US-China-Japan relations could be described as the largest trilateral relationship in the world. The three nation-states<sup>1</sup> are the world largest, the second-largest, and the third-largest economies, respectively. Their impact, however, is not only economic. In terms of the impacts on geo-politics, geo-economics, military and soft power, the capability to “influence”<sup>2</sup>, values or ideological systems, development models, and regional and global initiatives, these are some of the most significant and consequential relations in the world, particularly for the Asia Pacific region where all three countries are located and have shared interests.

Throughout the paper, three factors frame the trilateral relations: values or ideological systems; economic relations; and strategic and geo-political struggles. The three factors are reflected in different ways in each bilateral relationship.

For future developments in the Asia Pacific region for the United States, China and Japan, the most uncertain indicator in the long run will be the rise of China. Whether China can sustain its development under socialism with Chinese characteristics will be widely watched in the 21<sup>st</sup> century.

Uncertainties in the United States, particularly under the Trump administration, are fewer and limited but should not be neglected. Whether America is significantly in decline merits discussion. Recent US reluctance and inward-looking policies on free trade, multilateralism, and rules- and value-based institutionalism have raised challenges for the future course of international relations. Undoubtedly, US power and intention based on its national interests and strategy will be crucial for countering uncertainties stemming from the rise of China.

Japan will continue to be a status-quo power, but some issues in its domestic affairs need to be resolved. For instance, accountability on the right to collective defense enacted in the new security law and whether article 9 of the peaceful constitution should be revised have been controversial and have raised questions both domestically and internationally. How Japan confronts these critical issues will inevitably affect the future course of the trilateral relations.

A closer look at the individual relationship within the trilateral relations reveals their structural complexity.

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<sup>1</sup> The European Union is not included in this context and paper, which is limited to so-called “nation-states” with their own population, territory, government and sovereignty.

<sup>2</sup> See a task force report, “China’s Influence & American Interests: Promoting Constructive Vigilance”, *Hoover Institution*, November 2018. [https://www.hoover.org/sites/default/files/research/docs/chineseinfluence\\_americaninterests\\_fullreport\\_web.pdf](https://www.hoover.org/sites/default/files/research/docs/chineseinfluence_americaninterests_fullreport_web.pdf)

### **US-China relations**

Under the Donald Trump-Xi Jinping leadership, the two nations seemed to have truly entered an era of “strategic competition”. The trade war is just the tip of the iceberg. It is still possible for the two countries to address mutual concerns and interests and reach an agreement to de-escalate the tension. But what the war has really revealed is that more than trade and economics, this is part of a century-long competition about national power and pride. The rest of the world must recognize this reality and prepare for an uncertain future.

### **Japan-China relations**

Although there are still a couple of difficult issues, such as perceptions of history and territorial disputes, the two countries are now trying to upgrade their level of cooperation, particularly in economic areas. With the 40 years of Japanese Official Development Assistance to China having ended, Japan and China are pursuing a more equal relationship. This is partly because of China’s frustrations with its relations with the US and Japan’s need and desire to boost its business and economy by strengthening the political relationship with China. China, for its part, wants to co-opt Japan to counterbalance the presence and influence of the US in the Asia Pacific region.

### **US-Japan relations**

The bilateral relationship is relatively stable as long-standing security allies which have shared strategic interests and even destiny. Trump’s inward-looking trade and external policies have embarrassed Japan; however, the US’s reluctance to engage in the region is now providing Japan with new opportunities to exercise more leadership, as well as pursue more comprehensive and proactive economic and security policies in the Asia Pacific region. Still, Japan’s near-to-mid-term goal is to push the US back to pursue the “Asia Rebalancing” or “Asia Pivot” policy of the administration of President Barack Obama and Secretary of State Hillary Clinton.

## CASE STUDIES

The dynamics of the trilateral relations and implications for the future course of the Asia Pacific region can be examined further through three case studies: The Seas; the Korean Peninsula; and regional institutions.

### Maritime Disputes

The basic backdrop has been China's continuous expansion and how the US-Japan alliance responds to that. China has continued to and more aggressively claim sovereignty and build related infrastructure, including "artificial islands" in the South China Sea (SCS), based on its own position on sovereignty and territorial integration.<sup>3</sup> The United States and Japan, on the other hand, have defined China's expansive actions as "unilateral coercive attempts to alter the status quo in the East China Sea (ECS) and SCS".<sup>4</sup>

Above all, there have been serious perception and stance gaps between the US-Japan side and China over the SCS and ECS. This situation will last unless China's expansive policies stop or slow down due to some domestic crises, such as an economic recession, political turbulence and so on.

On the Taiwan Strait, the US and Japan continue to define Taiwan as a security and strategic partner in protecting the security, order and democratic values in the Asia Pacific region. The US under the Trump administration has appeared to strengthen its ties with Taiwan. Japan's stance towards Taiwan has not changed substantially over the time, although Shinzo Abe, given some political pressures from the conservatives, is trying not to ignore relations with Taiwan.<sup>5</sup>

China, under the Xi administration, is eager to "resolve" the Taiwan issue. In his latest speech, Xi emphasized that "our country must be unified". If some moves to seek independence in Taiwan, China is very likely to exercise its military capability. In order to accommodate the US's reaction in the Taiwan Strait, Japan needs to imperatively fix its domestic procedures on implementing the rights of collective self-defense.

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<sup>3</sup> For example, the Chinese government insists that "China's Nanhai Zhudao (the South China Sea Islands) consist of Dongsha Qundao (the Dongsha Islands), Xisha Qundao (the Xisha Islands), Zhongsha Qundao (the Zhongsha Islands) and Nansha Qundao (the Nansha Islands). The activities of the Chinese people in the South China Sea date back to over 2,000 years ago. China is the first to have discovered, named, and explored and exploited Nanhai Zhudao and relevant waters, and the first to have exercised sovereignty and jurisdiction over them continuously, peacefully and effectively, thus establishing territorial sovereignty and relevant rights and interests in the South China Sea.", *Statement of the Government of the People's Republic of China on China's Territorial Sovereignty and Maritime Rights and Interests in the South China Sea*, Ministry of Foreign Affairs of China, July 12, 2016.

[https://www.fmprc.gov.cn/nanhai/eng/snhwtlcwj\\_1/t1379493.htm](https://www.fmprc.gov.cn/nanhai/eng/snhwtlcwj_1/t1379493.htm)

<sup>4</sup> Japan-US Security Consultative Committee (Japan-US "2+2"), April 19, 2019, Washington D.C., Ministry of Foreign Affairs of Japan. [https://www.mofa.go.jp/na/fa/page3e\\_001008.html](https://www.mofa.go.jp/na/fa/page3e_001008.html)

<sup>5</sup> Shinzo Abe and Taiwan President Tsai Yingwen reportedly had an unofficial meeting at a hotel in Tokyo, October 8, 2015.

## **The Korean Peninsula**

The trilateral relations have shaped a geo-politically and strategically complicated structure on the Korean Peninsula. A policy bottom line which each stakeholder shares today may be the “denuclearization of the peninsula”. Given the recent meetings between Trump and Kim Jong-un, as well as those between Xi and Kim, North Korea is probably ready to denuclearize, even though there is still a huge gap regarding what the concrete procedures should be and in strategic interests between the US and the North, as well as between the US and China, which is playing a crucial role behind the North.

China’s primary strategic interests on the peninsula are assuring peace and stability. China would be particularly upset with political turbulence in the North because it would threaten China’s national security, particularly around its northeast area which shares a 1,400-km border with the North. That is why China opposes any unilateral measures which might incite the North’s leader to take extreme actions, and would only participate in economic sanctions against the North within the limited scope of a United Nations framework.

In order to avoid threats from the North’s long-range ballistic missiles on the US homeland, the US now finds it necessary to push the North’s leader to abandon his nuclear and missile capabilities and equipment. And in order to do that, the US definitely needs help from China, as President Trump has repeatedly told President Xi. To protect homeland security from the North’s nuclear threats seems to have become a common interest and concern for China and the US

Japan shares the same interests. In order to push North Korea to denuclearize, Japan should work together with the US and China. Japan should also begin a dialogue with North Korea that can eventually lead to a summit between Shinzo Abe and Kim Jong-un and the reopening of negotiations on diplomatic normalization based on the Pyongyang Declaration of 2002, and “the abduction [of Japanese citizens by the North] issue should be addressed and resolved as part of these negotiations”, argues Hitoshi Tanaka, the former Japanese diplomat who was in charge of negotiations with North Korea during the Koizumi administration.<sup>6</sup>

## **Regional Institutions**

The rules- and value-based institutional mechanism with the highest standards in the Asia Pacific region is the Trans-Pacific Partnership (TPP). Since the United States withdrew from the initiative, it has been replaced by the CPTPP (TPP Eleven)<sup>7</sup>, which

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<sup>6</sup> Hitoshi Tanaka, “Engaging North Korea after the Singapore Summit”, *East Asia Insights*, July 2018. <http://icie.org/researchpdfs/EAI/201807.pdf>

<sup>7</sup> As of March 2018, Mexico, Japan, Singapore, New Zealand, Canada, Australia and Vietnam have already completed their domestic procedures for ratification. Peru, Chile, Malaysia and Brunei are expected to complete them as soon as possible. In addition, the United Kingdom and Thailand have expressed interest in joining the agreement.

came into force on December 30, 2018. The agreement insists on promoting liberalization and facilitation of trade in goods, services and investment, and establishing new rules in a wide range of areas.

Another ambitious framework for regional integration in the Asia Pacific region is the Regional Comprehensive Economic Partnership (RCEP). RCEP would succeed the framework of ASEAN+6 (Japan, China, South Korea, India, Australia and New Zealand), with the combined GDP of the 16 participating countries amounting to about 30% of world GDP and trade.

It would be a positive outcome for the economic development and prosperity of the region if these two ambitious institutions could coexist peacefully, be well-coordinated and not undermine each other.

Japan is the only country among the three powers which has participated in both negotiations. Japan under the Abe administration sees the current situation as a strategic chance to make a strong and positive commitment to regional peace and prosperity with assured leadership and responsibility.

The United States, though it unilaterally withdrew from the TPP, has not publicly interrupted either the CPTPP or RCEP. Since Trump took office, the US government has been sticking to bilateral negotiations on economic and trade matters with its partners in the Asia Pacific region, and has been reluctant to commit to multilateral platforms. This position and approach are unlikely to change soon.

China also has never publicly opposed the TPP. China's position on the TPP has been clear and consistent. "The TPP is an extensive agreement. China is studying it and evaluation work is under way. We hope the various free trade arrangements in the Asia Pacific region will complement each other and jointly contribute to trade, investment and economic growth of this region," said a statement by China's Ministry of Commerce on February 4, 2016.<sup>8</sup> China is likely to continue to adhere to this position on the TPP, waiting to see to possibly try to join the institution if conditions allow in the future, as they did when China entered the WTO in 2001.

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<sup>8</sup> Xinhua, "China weighing up TPP, says commerce ministry", February 4, 2016. [http://en.ccpit.org/info/info\\_40288117521acbb80152ab59a03000dd.html](http://en.ccpit.org/info/info_40288117521acbb80152ab59a03000dd.html)

## POLICY IMPLICATIONS

- The nature of US-China-Japan trilateral relations will continue to be one of the most consequential indicators of stability and prosperity in the Asia Pacific region. Due to historical sensitivity and geopolitical complexity, the relations will experience some turbulence in the long run. Fortunately, politicians, policy makers, businessmen, intellectuals, strategists, as well as normal citizens from the three countries, basically recognize the importance of the trilateral relations. The three major powers are motivated to maintain and strengthen cooperation rather than constantly confronting sensitive geopolitical issues such as the South China Sea, Taiwan Strait, and Korean Peninsula. The leaders of the three countries understand that military confrontation would mean a nightmare for themselves, the Asia Pacific region, as well as the rest of the world.
- The Asia Pacific region still faces geo-politically and strategically complicated problems such as Taiwan, the Korean Peninsula, and the South China Sea. Given this, the fundamental structure of the trilateral relations will not soon change dramatically. How the US-Japan alliance responds and copes with the uncertain and aggressive rise of China will be the central issue and the most critical challenge. In other words, the strength of the US-Japan alliance and sustainability of the China's rise will be the most important indicators in assessing the nature of the trilateral relations in the Asia Pacific region.
- In terms of evaluating the prospects of US-China-Japan trilateral relations in the Asia Pacific, the diplomatic agenda in 2019 should focus on three things: (1) How can the US and China resolve their trade dispute?; (2) How can Japan show its initiative through the hosting of the G20 Osaka summit?; (3) And how can regional cooperation agreements like the CPTPP, RCEP, China-Japan-South Korea FTA achieve substantial progress?
- On June 28-29, Japan will try to make a success of hosting G20, its first big diplomatic event in the new era of Reiwa. This gathering will also have important implications for US-China-Japan trilateral relations. Whether US-China trade negotiations can reach an agreement before the summit would affect how Japan, as the host, integrates discussions and can deliver a strong message on the global economy. Shinzo Abe will also try to provide a useful platform for Trump and Xi to improve their bilateral relationship, as he would consider this a pragmatic approach in enhancing Japan's presence and influence within the trilateral relations.
- Given the analytical framework of this paper, in terms of the impacts on the future course of the trilateral relations, values or ideological systems are the most fundamental, long-term, and relevant angle to understand and analyze. China's political system and ideology are highly unlikely to converge with the



US and Japan, unless some domestic turbulence which triggers a “regime change” occurs in China. In this sense, mutual distrust between China and the US-Japan side will remain a long-term issue. In fact, this values/ideological systems factor is already playing a bigger role in current, controversial US-China relations. In a typical case recently, on the 30th anniversary of the Tiananmen Square massacre, US Secretary of State Mike Pompeo stated that “over the decades that followed, the United States hoped that China’s integration into the international system would lead to a more open, tolerant society. Those hopes have been dashed. China’s one-party state tolerates no dissent and abuses human rights whenever it serves its interests”.<sup>9</sup> Obviously, the US has become less tolerant of China’s authoritarian system. China, on the other hand, has become more aggressive and confident about managing its own political system and development model. The divergence is widening and deepening.

- And deep mutual distrust based on the divergence in the values systems of the two sides will complicate the strategic and geo-political struggles within the trilateral relations. China, under President Xi’s leadership, will continue to expand its power and influence beyond its borders and will vigorously protect its own “core interests”. This may inevitably create an uncertain, even dangerous, confrontation with the US-Japan alliance. In this respect, the most uncertain and dangerous risk lies in the Taiwan Strait.
- Economic relations are the most positive factor in the trilateral relations. Mutually beneficial economic interdependence could provide the three parties with incentives to avoid conflicts in strategic and security arenas. However, the current trade war between the US and China is more than an economic problem, and presages their strategic rivalry and national competition in the 21<sup>st</sup> century. Economic relations, particularly in high technology, tend to be linked to strategic rivalry. This might easily breed inward-looking and exclusive nationalism on both sides, which have invariably triggered wars in history.

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<sup>9</sup> Mike Pompeo, “On the 30th Anniversary of Tiananmen Square”, US Department of State, June 4, 2019. <https://www.state.gov/on-the-30th-anniversary-of-tiananmen-square/>

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